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THE EARLY SPANISH COLONIAL EXCHEQUER

WHETHER the vast colonial lands delivered to Spain by the happy accident of the voyage of Columbus were, in the ultimate analysis, a blessing or a curse to the monarchy is still a debatable question. Castilian writers in the sixteenth and seventeenth centuries loved to dilate upon the territorial extent, the diversity of climate, of flora and fauna, and the unexampled mineral riches of the empire beyond the seas. Catalogues of bishoprics, archbishoprics, and patriarchates, of hospitals, convents, and colleges, served to illustrate the great missionary achievements of the race; while the splendor of viceregal courts and the lavishness of public celebrations reflected the wealth and elegance of Spanish colonial society. But already by the time of Philip III. a few farseeing Spaniards must have been conscious that this was perhaps only one-half the story. The mother country, with her immense American resources, was yet growing steadily weaker, declining in both wealth and population. This may have been in part the consequence of Hapsburg imperialism, of a religious and political foreign policy out of all proportion to the needs and the powers of the nation. But might not the Indies themselves, by their very richness and attractiveness, have contributed to the same result? That the colonies drew from the peninsula many of its most enterprising and adventurous sons could admit of no doubt. But was not this emigration an important cause of the relative depopulation of Spain in the sixteenth and seventeenth centuries? It is a thesis which has yet to be proved. On the other hand, it is clear enough to-day that the revenues from American mines proved to be one of the nation's greatest misfortunes. Spaniards, consistently with the bullionist theories then current, thought of securing the precious metals to the exclusion of all else; yet complained of the rise in prices which decay of industry coupled with the increase of money brought in their train. The prejudice against manual labor and the mechanic arts, inherited from the military age of crusade against the Moors, was only accentuated, and idleness and an unpractical vanity became in the eyes of visiting foreigners the distinctive traits of the Spanish people.

In the sixteenth century, however, as the Hapsburgs accepted more and more seriously the rôle of champions of Roman Catholicism, with the fatal financial burden it involved, the income from

the Western Indies was the hope, and indeed the salvation, of Hapsburg policy. Under Charles V. this revenue was comparatively small and increased only by slow degrees. In 1516, the year of accession to his Spanish inheritance, it amounted to about 35,000 ducats. In 1518 it was 122,000, but dropped as low as 6,000 in 1521, when the emperor was entering upon his interminable wars with France. In 1538, a very unusual year owing to the return of the first of the great treasure-fleets, the receipts of the treasurer of the Casa de Contratación rose to 980,000 ducats; but the average during this decade and the following was about 165,000. Only after 1550, when the emperor's career was approaching its melancholy twilight, did this average income swell to a million ducats, *i. e.* to a sum equal to that which he drew annually from his possessions in the Low Countries.¹ During the next half-century, in the long and disastrous reign of his son Philip, it increased gradually to between two and three millions.

From the first, taxation in the Indies was not light, though always mild compared with that endured by the inhabitants of the Spanish peninsula. New settlers were generally exempted for a period of years, frequently twenty, from the more usual Castilian taxes, except the ecclesiastical tithe.² Queen Isabella, in secret instructions to the governor of Hispaniola in March, 1503, inquired whether it would be feasible to put a tax on gold bullion, on sales, tillage, grazing, and fishing, or port dues on the lading and unlading of ships. So far as we know, none of these expedients were resorted to. The supplying of salt, however, was already farmed out as a monopoly; and from the life-time of Columbus the colonists on Hispaniola were made to pay a duty (*almojarifazgo*) of 7½ per cent. on the gross valuation of goods imported from Europe, while the authorities were sometimes permitted to levy a temporary assessment on foodstuffs (the *sisá*) to meet the expense of Indian wars or other special local needs. All treasure-trove, jewels, and ornaments from native graves and shrines, belonged in theory to the king; but in America the Crown chose to forego this right in consideration of a faithful registry of the treasure discovered and the payment of three-fifths into

¹ Archivo de Indias, 2.3.1/2; 2.3.2/3; 2.3.4/5; 2.3.6/7; 2.3.7/8; 2.3.9/10; 39.2.1/8; 39.3.3/1; 39.2.2/9. Ranke, *Die Osmanen und die Spanische Monarchie*, ed. of 1877, p. 271.

² Colonists accompanying Pedrarias Dávila to the isthmus of Darién in 1513 were relieved from the payment of customs for four years, and for twenty years from all other imposts except the tithe and the royal fifth of gold, silver, and precious stones. Similar privileges had been conceded to the original Spanish settlement on Hispaniola, and in 1513 were renewed for thirty years. *Colecc. de Doc.*, 1st ser., XXXIX. 299; 2nd ser., IX. 4.

the royal exchequer.³ Of the slaves and booty captured in war, no contemptible item in the conquest of Mexico and Peru, a fifth also went to the Crown. On some of the West Indian islands, as also in New Spain, the Crown seems to have exploited cattle-ranches till well into the second half of the sixteenth century, and the profits from them form a regular item in the annual receipts of the local treasury; but they probably never exceeded a few thousand *pesos* a year, and are negligible as a contribution to the king's revenues.

By law all mines within the territories of the Crown were included among the *regalia*. In 1501 Ferdinand and Isabella forbade anyone to seek or work mines in the New World without their express permission. Within three years this consent had been extended generally to all colonists except royal officials, provided they first registered their claims before the governor and the officers of the exchequer, and swore to bring all their bullion to the royal smeltery to be assayed and taxed. Not till 1584 did the Crown decree that in the future mines were to be held in full ownership by those who discovered them. On the other hand, it had always required large royalties for the privilege of developing mines, and these royalties continued to be exacted to the end of Spanish domination in America. Rarely did the king exploit mines on his own account, the only notable exception being that of the famous quick-silver deposit of Huancavélica in Peru. If an individual discovered a mine on land belonging to another, a part of the mine was by law given to the owner of the property. So too, after the early period of conquest and settlement, when the distinction between royal and private lands came to be more clearly conceived, of new mines found on the royal domain a certain number of square yards were reserved to the Crown.⁴ But there seems never to have been any general attempt to work these claims in the interest of the government. They were probably rented, or disposed of by sale or gift to the discoverers or to other private individuals.

In Castile during the Middle Ages the royalty on bullion had been two-thirds; but to hasten the exploitation of the mineral resources of the new lands, which to the Spaniards meant only gold

³ According to Castilian law, the discoverer of hidden treasure was allowed by royal grace a fourth of his find. Solórzano, *Polit. Ind.*, lib. VI., cap. 4.

⁴ In such cases sixty yards (*varas*) of the claim went to the discoverer; the next sixty, in the direction of the vein as attested under oath by the discoverer, to the king; and another sixty to the discoverer, if he owned no mine within a league of the spot. If he possessed other mines, the last sixty went to any individual who first staked his claim. Leon Pinelo, *Tratado de Confirmaciones Reales*, etc. (Madrid, 1630), parte II., cap. 23, par. 31 ff.

and silver, this percentage was quickly reduced. Between 1500 and 1504, in response to petitions from the settlers on Hispaniola, it was lowered successively to one-half, one-third, and one-fifth. This royal fifth, the *quinto* of Spanish American treasury records, was established for ten years by a decree of February 5, 1504, and remained till the eighteenth century the general law for all the Indies. Further reductions, to one-tenth and even one-twelfth, were made from time to time, in regions like Central America and the West Indian islands, where the mines or gold-washings were poor or the operating costs very high. The *quinto* remained the most lucrative source of the moneys drawn annually by the Spanish kings from their American possessions. In theory applicable to all minerals, it was never collected on any but gold, silver, mercury, and precious stones. Pearls gathered in the fisheries on the southern coasts of the Caribbean and about the islands near the city of Panama also paid a fifth to the Crown.

The customs duty of $7\frac{1}{2}$ per cent. in colonial ports continued to be levied till 1543, when the rate was reduced to 5 per cent. At the same time, however, export and import duties were established in Andalusia on goods sent to and from the New World. Till then the American trade at Seville had been free. Thereafter the customary *almojarifazgo* was collected of $2\frac{1}{2}$ per cent. on exports and 5 per cent. on imports. This involved a new burden on American commodities, while the charge on European goods remained the same, $2\frac{1}{2}$ per cent. being now collected in Spain and 5 per cent. in the Indies. Inter-colonial maritime trade in local products also paid customs at the Sevillian rates, and European articles reshipped from one colonial port to another were assessed upon any increase in value accruing thereby. In 1566 the exigencies of royal finance were the excuse for another change in colonial customs. Duties on the west-bound traffic were doubled, to 5 and 10 per cent. respectively, and an export duty of $2\frac{1}{2}$ per cent. was levied in American ports upon articles shipped to Spain. On this basis *almojarifazgo* continued to be collected till the second half of the seventeenth century. The assessment on imports in the Indies was based, not on the schedule of values employed at Seville, but upon prices in the American market at the time when payment was made. These were generally very much higher, often by several hundred per cent.

A source of royal income peculiar to the Indies was the tribute of the natives, an annual payment owed to the king in token of his overlordship, or to Spaniards (*encomenderos*) to whom the Crown granted the privilege of enjoying this revenue. It was in form a

personal or capitation tax, *i. e.* a fixed amount paid by every adult male Indian regardless of his property or other resources. It was analogous to the *moneda forera* and similar medieval dues paid by peasants in Castile. The amount of the tribute varied according to the custom of the province, was sometimes exacted entirely in silver, but more generally in money and such produce as the region most readily afforded. In Peru just after the conquest, and probably in the West Indies, it frequently took the form of personal service, and even after such service was forbidden by the Crown, the practice was doubtless in many cases continued.⁵ This is not, however, to be confused with the *mita*.

Royal tribute was imposed on the unfortunate natives of Hispaniola as early as Columbus's second visit there, and in 1509 seems to have been a *castellano* of gold ($13\frac{1}{4}$ *reals* in later colonial currency), collected from all the aborigines whether held in *encomienda* or not.⁶ What the Spanish settlers might exact in addition was left to their merciful discretion. On the continent all the tribute belonged to the *encomendero*, and eventually by law or custom was limited in quantity. It was first reduced to a regular schedule in Peru by the great viceroy, Francisco de Toledo, who to this end visited personally all parts of his government, and whose *Libro de Tasas* became the model for later colonial legislation on the subject. In Mexico this same service was largely accomplished during the administration of Sebastian Ramírez de Fuenleal, president of the royal *audiencia* in 1531–1535, and of his successor the first viceroy, Antonio de Mendoza.⁷ There all married males paid, including the sons of negro fathers and Indian mothers, and unmarried after the age of twenty-five. In some provinces women and young unmarried men were also subject to the tax, at least to half the amount owed by the adult male. Men ceased to be liable at the age of fifty-five, women at the age of fifty.⁸ The tributary age began in Peru at eighteen and ended at fifty, but all women, in theory at least, were exempt. Immunity was also everywhere enjoyed by the native chieftains or caciques, in their quality as nobles, and by their eldest sons.

The revenues of the king from this source came mostly from the natives on the estates which had escheated to the Crown (after 1552 *encomiendas* might be held for two lives only), and had not again been alienated. They are called in exchequer records the

⁵ Matienzo, *Gobierno del Perú*, cap. 16.

⁶ Herrera, *Hist. Gen.*, dec. I., lib. 7, cap. 8.

⁷ *Ibid.*, dec. IV., lib. 9, cap. 14.

⁸ Solórzano, *op. cit.*, lib. II., cap. 20.

tributos vacos. In Peru in the seventeenth century it became customary for the Crown to retain permanently a third of the estates which thus reverted to it. A schedule of what was due from each pueblo was supposed to be kept in a book apart (*libro de tasaciones*), one copy of which was preserved in the archives of the *audiencia*, and another in the coffer which held the king's moneys. The tribute was collected every four or six months by the *corregidores* or the ordinary justices, the produce sold at public auction by the royal factor connected with the local exchequer office, and the proceeds deposited with the colonial treasurer.

Pope Alexander VI., moved by petitions from the Catholic Kings to contribute to the cost of secular and religious conquest, granted to them and their successors, by a bull of December 16, 1501, all the ecclesiastical tithes in the Indies; but at the same time he imposed on the Spanish crown the responsibility for preaching and propagating the Christian faith among the Indians, founding and endowing churches, and supplying them with a competent ministry.⁹ As in other Christian lands, the tithe was gathered on all fruits of the earth, grain, cotton, sugar, silk, flax, garden-truck, etc., as well as on livestock and dairy products. It was collected from both royal and private lands, and on Indian tribute. Gold and silver bullion, of which the *quinto* went to the king, was never subject to this second tax; nor was a personal tithe exacted, *i. e.* from the wages of man's industry and labor, although the clergy in some regions tried hard to introduce it.

Whether the natives ought to pay tithes or not, in addition to their tribute, was a burning question among ecclesiastical and civil lawyers throughout the sixteenth century. The attitude of the Crown seems to have been a variable one. Ferdinand and Isabella in 1501 directed the new governor of Hispaniola, Nicolás de Ovando, to have both Indians and Spaniards pay, but on most parts of the continent the natives from the beginning apparently were exempt. In 1536, however, according to Solórzano, the emperor ordered the tithing of the Indians in New Spain, at least on wheat, barley, silk, and cattle, to the production of which evidently they chiefly devoted themselves. Attempts to extend the rule elsewhere were not successful, and in spite of the violent opposition of the churchmen the decree was repealed for New Spain in 1555.¹⁰ In general it may be said that the natives were exempt from the direct tithe, except in certain districts, notably the archbishopric of Lima,

⁹ Solórzano, lib. IV., cap. 1; *Colecc. de Doc.*, 1st ser., XXXIV. 22.

¹⁰ Solórzano, *op. cit.*, lib. II., cap. 22.

and there it was deducted from the tribute owed to the king or to the *encomendero*.

Although by the concession of Alexander VI. ecclesiastical tithes in America became, as it were, one of the regalia of the Crown, the greater part of this income was devoted to the Church, for its extension and maintenance. It was the rule from the time of Charles V. that the tithes be divided into two equal parts. Of one part, half went to the bishop of the diocese, half to the dean and chapter of the cathedral. The other was in turn divided into nine parts, of which two were set aside for the royal exchequer. The remaining seven were applied, four to the parish clergy, and three to hospitals and to the repair of churches. Thus in reality only one-ninth of the proceeds of the tithes accrued to the Crown, and that was generally expended in pious works and the support of schools and universities. Moreover, if the tithes were insufficient to meet the fixed charges of the diocese, the deficit was made up out of the royal treasury. At first their collection was in the hands of the treasury officials, and as a rule it continued so in the situation just cited; but if the tithes more than covered all charges, the collection was given over to the ecclesiastical authorities themselves.

Probably the first of the more customary Spanish imposts, apart from tithes and customs duties, to be collected in the New World, was the queerest of all Spanish taxes, the *crusada*. Bulls of crusade, *i. e.* indulgences sold to provide funds for the wars against the infidel, are believed to date from the twelfth and thirteenth centuries, when they were granted by the Pope to the Christians of Spain in their struggle against the Moors. In the sixteenth century, after the last Moorish stronghold, Granada, had fallen, the proceeds of such indulgences continued to be conceded by various popes to the Spanish kings, generally for periods of six years. The clause was always retained that the tax, for such in effect it became, must be employed in the exaltation and extension of the Holy Catholic Faith, a pretext which might find some justification in the Hapsburg wars against heretics and Turks. Just how early the *crusada* came to be preached in the colonies is not clear. It is commonly said that the papal concession was extended from Spain to the Indies by Gregory XIII. in 1573.¹¹ However, there exist in the archives at Simancas records of the collection of this tax in South America and the West Indies extending back as far as 1535, and in the ledgers of the colonial treasurers of New Spain, preserved

¹¹ *Ibid.*, lib. IV., cap. 25; *Colecc. de Doc.*, 1st ser., XVIII. 397.

in Seville, receipts from this source as far back as 1539-1544.¹² Probably before 1573 the bulls were preached under the general concession extended to the dominions of the Spanish crown, and only after that date did the Pope specify in particular the American colonies. As a rule, at least toward the end of the sixteenth century, negroes, Indians, and others of the humbler sort paid two silver *reals* for the indulgences offered, although the law (1543) forbade the bulls to be preached in Indian pueblos or forcibly imposed on the natives. Other Spanish subjects paid eight *reals*, while royal and ecclesiastical officials and those who possessed *encomiendas* of Indians were assessed sixteen.¹³ The bulls were published in America every other year, brought in a considerable revenue, and continued to be imposed till the separation of the colonists from the mother country in the nineteenth century.

The *alcabala*, another characteristic Castilian tax (in Spain 10 per cent. or more of the value of all sales and exchanges), was not introduced into the Indies till near the close of the sixteenth century. Ferdinand and Isabella, in March, 1503, had ordered Governor Ovando to report on the ability of the settlers on Hispaniola to pay such an impost; but so far as we know no further action was then taken. And invariably freedom for a term of years from the *alcabala* was included among the privileges conceded to newly founded colonies. Such an exemption was enjoyed by New Spain immediately after its conquest, and when the first viceroy, Mendoza, went out in 1535, he was instructed to negotiate with the colonists for the collection of an *alcabala*, to aid the emperor in his wars against the Turks.¹⁴ Extension of the tax to New Spain was actually decreed in 1558,¹⁵ but presumably the ordinance was not enforced; and ten years later, when Francisco de Toledo was preparing to go to Peru, a *junta* at Madrid decided that he should make efforts to collect it there. In every instance the colonial authorities were induced by the strength of the local opposition to suppress the king's commands. The tax was finally introduced into New Spain in 1574-1575, and into Guatemala a year later.¹⁶ It was not estab-

¹² Simancas, Contaduría de Cruzada, leg. 554; Archivo de Indias, 4.1.4/22, ramo 1.

¹³ According to Nuñez de Castro (*Solo Madrid es Corte*, p. 224 ff), archbishops, bishops, and abbots paid 32 *reals*, or four *pesos*, for the privileges vouchsafed by these bulls of crusade.

¹⁴ Archivo de Indias, 139.1.1, lib. 1.

¹⁵ Brit. Mus., Add. MSS. 19,375, f. 27.

¹⁶ Owing to the inaction or passive resistance of the local authorities, it was not collected in Guatemala till 1602. Milla and Gómez Carillo, *Historia de la América Central*, II, 228.

lished in Peru till 1591, when in the province of Quito it almost caused a revolution. The rate in the colonies was fixed at two per cent. and remained at that figure till 1637, when it was doubled in the northern viceroyalty to provide 200,000 *pesos* a year for the maintenance of a fleet of coast-guard vessels called the Armada de Barlovento, to pursue and destroy the pirates from the Windward Islands. As in Spain, the *alcabala* was usually compounded for a lump sum by the principal municipalities, and, paid in this fashion, generally amounted to less than would have been represented by the full legal rate. In the seventeenth century (1627) there was an additional tax on sales of two per cent., called the *derecho de union de armas*, intended to furnish 600,000 ducats a year for the support of a fleet of galleons to protect the trans-Atlantic trade-routes.

Laws in the *Recopilación* governing the administration of the *alcabala* were many in number and minute in detail. *Encomenderos*, planters, and ranchers sent every four months to the collector a sworn statement of the nature and value of the product they had disposed of by sale or barter, for cash or credit, within that time; and in the towns and cities wholesale merchants, and retailers with a fixed place of business, did the same. On the basis of these figures the collector issued warrants for the payment of the tax. Itinerant merchants had to report every sale and pay the two per cent. on the same or the following day, and the buyers were likewise expected to give word to the collector. This rule of notification within twenty-four hours applied also to brokers, through whose hands passed any taxable transaction, and to town criers, who must report every public sale they were called upon to announce. Apothecaries, wine-sellers, and saddlers made their payments weekly. Many articles, however, were not liable, such as bread, horses, coin, bullion, books, manuscripts, arms, and falcons. Inheritances and bequests, goods bought or sold on the account of the *crusada*, or by churches, monasteries, prelates or lesser clerics not for gain, articles sold retail in the streets and markets to the poor and way-faring, and grain disposed of from the public granaries, were also exempt. The collectors submitted their books annually to the royal treasury officials, and if, as sometimes happened, they were not actually in residence in the town to which they were appointed, settled their accounts every four months.¹⁷

One of the most pernicious of the financial expedients adopted by the Hapsburgs in America was the sale of public offices. Frowned upon in Spain by the Catholic Kings, it was resorted to by Philip II.

¹⁷ *Recop.*, lib. VIII., tit. 13.

at the outset of his reign, in a vain effort to lift his kingdom out of the financial demoralization in which it had been left by his father. It was almost immediately extended to the colonies. At first only the office of notary (*escribano*) was sold, both that of the ordinary notary public, and of the scribes attached to the various government councils and tribunals; but before the end of the century the system was applied to most municipal offices, and to numerous posts connected with the royal mints, the exchequer, and the courts of law. These offices till 1581 were sold by the Crown for one life only. After 1581 they might be disposed of by the incumbent for a second life, provided that one-third of the value was paid to the Crown, that the second purchaser had the qualifications necessary for exercising the office, and that within three years formal confirmation was secured from the king.¹⁸ But it was evidently intended that the sale must be a bona-fide one during the lifetime of the original proprietor, for a decree six years later stated that the latter had to live at least thirty days after the sale, else it was invalid and the disposition of the office reverted to the government. As offices in Spain, however, were held in perpetuity, with the privilege of re-sale at any time, and as the king believed such an arrangement to be to his financial advantage, he soon proposed establishing the same rule in America, and finally instituted the change in 1606. We find it repeated in numerous *cédulas* that these government posts need not necessarily go to the highest bidder, but that the fitness of the would-be purchaser should be taken into account as well as the interests of the exchequer. As minor offices in the colonies were sold under the direction of the viceroys or *audiencias*, this furnished an obvious loophole by which unscrupulous executives might provide comfortable berths for their friends and dependents.¹⁹

Numerous minor sources of revenue, most of them tapped before

¹⁸ Leon Pinelo, *Tratado de Confirmaciones Reales*, etc., lib. II., caps. 1, 2; Solórzano, *op. cit.*, lib. VI., cap. 13.

¹⁹ In this connection may be mentioned two other methods adopted by the Crown in the seventeenth century for extracting money from public office-holders both in Spain and in the colonies. These were the *mesada* and the *media anata*, both doubtless suggested by the medieval papal annates. The *mesada* was conceded to Philip IV. in 1626 by Pope Urban VIII. for a period of fifteen years, and renewed by Innocent X. in 1644. It was a payment representing a month's income of every newly-presented ecclesiastical officer, from the archbishop to the simple curate, and was calculated on the basis of the average annual value of the benefice during the five years preceding. It was also collected from secular officials until the establishment of the *media anata* in 1632. The latter was one-half of the first year's salary and other emoluments of every public secular office or dignity, whether permanent or temporary. Together they comprised a lucrative source of revenue.

the close of the sixteenth century, call for but brief mention. Among such were the government monopolies of playing-cards, pepper, stamped paper, etc.; a head-tax on negro slaves imported from Africa; a payment in the form of a composition from wine-shops (*pulperías*) over and above the number officially assigned for the supply of each district; judicial fines and confiscations; and a tax of two per cent. on wine produced contrary to law and sold in the viceroyalty of Peru. Government monopolies seem generally to have been more a cause of irritation to the inhabitants than of profit to the exchequer. About 1575, for example, the Crown decided to take over the exploitation of salt-mines and salt-pans in New Spain and Peru. The scheme received a fair trial in the northern viceroyalty, where the supplying of salt was farmed at a considerable figure; but in the south it was declared to be impracticable, and early in the following century was definitely abandoned. Even in Mexico, however, there were many complaints. If the monopoly was administered by a farmer, the supply was scant and the price high; if by public officials, the costs of operation were greater than the profits. At the same time the natives were deprived of what had been one of their means of livelihood, while the silver miners, who used salt in the process of extracting silver from the ore, found themselves handicapped under the new arrangement. After 1556, when the amalgamation of metalliferous ores was introduced into the New World, the Crown also reserved to itself the export and sale of quicksilver, and although it was pretended that the miners secured it practically at cost, as a matter of fact the king always made an excellent profit.

There was an extraordinary expedient to which the king might resort in time of great financial need, in the shape of what in Tudor and Stuart England were called "benevolences". As no legislative assemblies resembling the Castilian Cortes were permitted to develop in the colonies, there was no machinery for obtaining a regular *servicio* or subsidy. But the Crown found means of bringing pressure to bear upon individuals to contribute to its necessities. As early as 1501, Ferdinand directed Governor Ovando when he arrived at Hispaniola to secure from the inhabitants of the struggling, nine-years-old colony a voluntary gift of this sort,²⁰ and the demand was repeated with increasing frequency in later reigns, if not for a gift, at least for a loan. In 1509 Gil González Dávila, sent out to Hispaniola to audit the accounts of the colonial officials, was instructed also to raise a loan for the king, and Diego Columbus, then

²⁰ *Colecc. de Doc.*, 1st ser., XXX. 13.

governor, was ordered to do all in his power to make the effort a success. As the islands declined in population and wealth, in competition with the more alluring prospects on the mainland, they became less and less able to meet requests of this nature. In 1530 Manuel de Rojas wrote to the emperor from Cuba, excusing himself from sending the thousand *pesos* which had been required of him, but remitting 400, which he himself had had to borrow. Other letters of a similar tenor flowed into the Spanish court. Juan Barba wrote to the queen regretting that he could not lend the 300 *pesos* asked for, and complaining that, although he was one of the original *conquistadores*, he had no *encomienda* of Indians and the governor treated him with neglect. The treasurer of the colony wrote in the same strain, while the governor, Gonzalo de Guzman, to whom fell the responsibility and the odium of enforcing the loan, regretted that for his part he was not in a position to remit more than 500 *pesos*. But in the island as a whole, he concluded, there was "great zeal for spending and little diligence in saving".²¹

To the richer provinces on the continent the Crown was much more importunate, and expected from them a more liberal response. Philip II., immediately after his elevation to the throne, lost no time in summoning his American viceroys to find a subsidy in recognition of the auspicious event.²² In 1574 he ordered the royal authorities in Peru to negotiate for a gift to the Crown, or if his loyal and faithful subjects and vassals showed a disinclination to give, which he believed impossible, at least a loan of money and plate would not be unacceptable.²³ By 1598 the king's tone had become truly abject. Instead of demand or regal request, there was apology and even supplication. Philip III. needed a "*donativo y emprestido*" to assist him out of his financial straits and obligations, enable him to retain control of the seas, and maintain the peace, security, and prosperity of his colonies. He began with the president and judges of the *audiencia*, urging them to set a good example of liberality, and ended with the pueblos of the Indians.²⁴ Indeed, the natives were perhaps more apt to be mulcted than the king's white subjects. Back in 1530 Dr. Beltran, member of the Council of the Indies, had written a memorial suggesting that from every American Indian held in commendation be collected a head-tax of a *peso* of gold a year to the Crown, to help defray the expenses of the wars with the Turk in the Mediterranean; and two years later the emperor ad-

²¹ *Colecc. de Doc.*, 2nd ser., IV. 449 ff.

²² *Ibid.*, 1st ser., IV. 403.

²³ *Ibid.*, 1st ser., XVIII. 110.

²⁴ *Ibid.*, pp. 456 ff.

dressed a personal appeal to the "caciques y demas vasallos ricos" of New Spain for a donative to this same end.²⁵ In 1591, after the disaster of the Great Armada, the Spanish government, in seeking resources with which to rebuild the Atlantic fleet, imposed on the natives of New Granada, Tierra Firme, and Peru an additional tribute equal to one-fifth of what they already owed their *encomenderos*. It was intended to be a temporary measure, was removed in Peru in 1598, in the lowlands of New Granada in 1614, and according to the Laws of the Indies it was still collected in 1681.²⁶ The Indians of New Spain and Guatemala were also assessed, at the rate of four *reals* a year. It is possible that it was for this same reason that in 1591 the Crown insisted upon the collection of the *alcabala* in the southern viceroyalty.

The Spanish crown, unfortunately, did not stop at requests for gifts and loans. It acquired the insidious habit, initiated by Charles V., of seizing the gold and silver bullion remitted from the colonies to Spain by merchants and other private individuals, giving in exchange annuities (*juros*) bearing from three to six per cent. and generally charged upon some one or other of the regular sources of revenue. This practice reached gigantic proportions. Already in 1523, 300,000 ducats were sequestered, all the gold and silver that came on five vessels from the Indies; and in 1535, 800,000 out of the private treasure sent from Peru, most of it, doubtless, remittances from the followers of Pizarro. Six hundred thousand ducats were confiscated in 1553, and in the winter of 1556-1557, just at the outset of Philip II.'s reign, the unprecedented sum of 1,600,000, bringing disaster to the merchant houses interested in the American trade. In the seventeenth century such forced loans continued to be frequent, amounting in 1629 and again in 1649 to a million ducats.

The Crown also frequently took advantage of the presence in the Casa de Contratación at Seville of the funds called *bienes de difuntos*. These represented the property of intestates, and others who died without heirs in the colonies, or on the voyage to or from the colonies. The estates were wound up by royal officers appointed for the purpose, and the proceeds forwarded to Spain, where advertisement was made for known or unknown heirs. In the sixteenth and early seventeenth centuries the sums remitted on this account were very great, and, owing to the tardiness of claimants in appearing, accumulated in huge amounts at Seville, offering an ir-

²⁵ Archivo de Indias, Patronato, 2.2.1/1, nos. 40, 50.

²⁶ *Ibid.*, 140.3.9, año 1610; *Recop.*, lib. VI., tit. 5, ley 17.

resistible temptation to the Crown. Borrowings from the *bienes de difuntos* became so extensive that men in the Indies preferred to leave their estates to trustees with instructions to transmit to the heirs in Europe, or the latter to collect by their own agents, rather than entrust legacies to the medium officially established for this business. The Crown in the seventeenth century sometimes offered interest at ten per cent., and even the salaries of the members of the Council of the Indies as security, but did not succeed in restoring confidence.²⁷

The organization of the exchequer in the Indies was comparatively simple, and remained till the eighteenth century virtually unchanged. The collection of all revenues except the *crusada* was in charge of individuals styled specifically the royal officials—*oficiales reales*. In the beginning there were four in each colony, a treasurer, a comptroller (*contador*), a factor, and a *veedor*. Solórzano says that these offices were created in imitation of others connected with the custom-houses of Aragon, but the titles had formerly been attached to the king's fiscal representatives on the royal *armadas*.²⁸ The duties of treasurer and comptroller are fairly obvious. The factor or business manager was the active agent in the collection and expending of the revenues; he also disposed of the tribute in kind received from the natives, made purchases for the authorities, and in general attended to any commercial transactions in which the king's moneys were involved. The *veedor* was overseer of the exchequer's interests at the mines and assay offices where the bullion was refined and the *quinto* subtracted therefrom.²⁹ Later the office of *veedor* generally disappeared from the exchequer staff, and in many places that of factor also. But there was always a treasurer and a comptroller in the capital of every province, with deputies at the principal seaports, and if the province was very extensive, in the outlying, frontier towns as well.³⁰ For some of the taxes, such as the *alcabala*, a special collector was appointed in every local district. In the beginning judicial proceedings instituted by the exchequer

²⁷ Veitia Linaje, *Norte de la Contratación de las Indias*, lib. I., cap. 12.

²⁸ Solórzano, *op. cit.*, lib. VI., cap. 15.

²⁹ Instructions to Miguel de Pasamonte, treasurer general in the Indies, June, 1508; *Colecc. de Doc.*, 1st ser., XXXVI. 235. To Gil González Dávila, comptroller of Hispaniola, July, 1511; *ibid.*, 2nd ser., V. 287. To Juan de Ampíes, factor of Hispaniola, October, 1511; *ibid.*, p. 336. To Rodrigo de Villarroel, *veedor* of Cuba, May, 1516; *ibid.*, I. 60. To Pedro Nuñez de Guzmán, treasurer of Cuba, August, 1520; *ibid.*, I. 99. "Ordenanzas para el buen recaudo de la real hacienda en Indias", issued by Prince Philip, May, 1554; *ibid.*, 1st ser., XII. 142.

³⁰ Encinas, *Provisiones, Cédulas*, etc., lib. I., c. 29.

had to be pursued by the factor before the ordinary justices; but in the reign of Philip II. the *oficiales reales* were given judicial functions with cognizance in the first instance of all fiscal suits, appeal lying directly to the local *audiencia*.

Officers with duties so important for the continued prosperity and security of the state, combining in themselves both administrative and judicial powers, should obviously be selected with the greatest care and diligence. Their places, however, like most others in the Indies, were before the end of the sixteenth century disposed of by sale to the highest bidder, and the incumbents frequently possessed few or none of the requisite qualifications. Indeed through their incapacity, ignorance, or peculation, the Crown must have lost many times more than it gained from the sale of the places themselves. Treasury officials had to furnish bond for themselves and their deputies, and any one of them or his surety might be held responsible in full for the default of any of his associates. They were forbidden to engage in trade, fit out ships, or exploit mines, directly or through the intermediary of others, on pain of loss of office and forfeiture of their property; and after 1582 they might not marry the daughter, sister, or any other relative within the fourth degree, of officials in their district connected with the exchequer. They had also, at least from the time of Philip IV., to present an inventory of all their property, real and personal, when they entered upon their duties; for the law presumed, and not without cause, that if they subsequently grew rich it was at the prince's expense.

Till 1621 the *oficiales reales* possessed the right to sit and vote as *regidores* or aldermen in the *cabildos* of the towns in which they resided; after that date they retained only the titles and honors which went with such a position. On the other hand, they might not be compelled to accept local offices, such as that of *alcalde* or of *corregidor*, whose duties would interfere with their proper functions as members of the king's exchequer.

Questions of general policy affecting the exchequer were discussed in each province by a *junta* meeting one day in the week, and composed of the viceroy or governor, the *oficiales reales*, the senior judge of the *audiencia*, and the *fiscal* or attorney-general. After 1605 there was also added the senior auditor of the tribunal of accounts. The custom was first introduced in Peru by Pedro de la Gasca in 1549,³¹ after the pacification of that region, and proved so satisfactory that it was soon applied also to New Spain. Extra-

³¹ *Colecc. de Doc.*, 1st ser., XXV, 50.

ordinary expenditures not specifically provided for in the instructions to viceroys and governors had to be referred to Madrid for approval before action might be taken, a course which always involved long delays and often endless red tape. In matters requiring immediate decision some of the earlier viceroys had been allowed to take the initiative, merely communicating their action to their subordinates and to the Crown. But from 1563 such questions had to be settled by majority vote in a general *acuerdo* or administrative session of the *audiencia*, the *oficiales reales* taking part, and a full report afterwards sent to the king of the circumstances and the amount expended.

Royal orders and decrees prescribed with great particularity the form in which the accounts and other records of the *oficiales reales* were to be kept. Every entry in the books of the treasurer and comptroller had to be attested by the signature of all three officials; every deposit of money in the royal coffers had to be made in the presence of the three; and the coffers themselves were provided with three different locks, the keys being distributed among the *oficiales*. If there were only two of the latter, the governor or the *corregidor* of the district generally possessed one of the keys.³² All public acts and communications had also to be signed by the three together. In the early colonial ledgers that have come down to us, we find first the receipts (*cargo*) entered in chronological order, the figures all in Roman numerals, and each item carefully detailed as to its precise character. In the expenditures (*datta*) the items are usually more numerous, many of them of small amount and entries of similar nature frequently repeated, *e. g.* pensions, quarterly salaries, gratuities to monasteries or individual clerics, etc.

The *cruzada*, though most of it ultimately reached the royal coffers, was always an ecclesiastical tax and collected and administered by churchmen. In charge was a commissioner-general at Madrid, who appointed deputies (*comisarios generales subdelegados*) to the principal cities of the Indies. These in turn chose subdelegates for each of the smaller towns and districts, and treasurers to receive the proceeds of the indulgences and remit them each year to Spain. The *subdelegados* were usually members of the cathedral clergy, had supervision of the preaching of the bulls, and possessed judicial cognizance of all matters touching the business. From them there was an appeal to tribunals in the capital cities, and finally to Madrid.

³² These *cajas reales* were usually kept in the royal smeltery and assay office (*casa de fundición*), if there happened to be one, and at least one of the royal officials was supposed to reside there.

The Crown was naturally concerned that those who represented its financial interests in the New World should be subject to a strict and regular audit. From the early days of the Casa de Contratación, officers on Hispaniola and neighboring islands were instructed to send reports of receipts and expenditures to that body; and the Casa to keep a copy of such records in a separate book apart. Among the "New Laws" issued by Charles V. in 1542-1543 was one directing the *oficiales reales* to transmit at the end of each year a general statement of the figures for each branch of the revenue, and a full and detailed report at the expiration of every three years. The duty of taking these accounts was in 1554 imposed upon the president and two judges of the *audiencia*, or if there was no local *audiencia* upon the governor assisted by two of the *regidores*. The task had to be finished within two months after the New Year, the treasury officials losing their salaries for any time elapsing thereafter; and copies were remitted by the *audiencia* to the Casa at Seville, their final destination being the Council of the Indies. Deficiencies in the amounts found deposited in the coffers were to be made up within three days of the completion of the accounts, on pain of loss of office.

The foregoing rules, however, were evidently not enforced, for in spite of reiterated orders and instructions there was plenty of laxity in the form and in the transmission of colonial ledgers. Audits were not taken regularly, and if taken were not honest. It was probably this situation, coupled with the increasing wealth and population of the trans-Atlantic provinces, their distance from the metropolis, and the difficulty of bringing guilty officers to justice, that prompted the innovations of a half-century later. Till 1605 the India Council had remained the final court of audit, where all the *oficiales reales* received their quittance. In that year three tribunals of accounts were erected in the New World, one at Mexico City for the viceroyalty of New Spain, one at Lima for the provinces of Peru, and a third at Santa Fé de Bogotá for the kingdom of New Granada. There was also a special *contador de cuentas* at Havana for the West Indian islands, and another at Carácas for the region of Venezuela. These tribunals were entirely independent of the *audiencias* and other local authorities, they were empowered to review all public accounts, and from their decision there was no appeal, even to the Council at Madrid. They transmitted to the Council, however, an annual report, together with duplicates of all the papers they audited. They acted as a judicial court in matters touching their particular sphere, three judges of the *audiencia* and the *fiscal*

being associated with them on such occasions. To them the *oficiales reales* had to send reports every six months, and a complete statement each year with the original warrants and other papers, and if these were four months overdue the auditors might despatch an agent to get them at the *oficiales'* expense.

In most of the provinces the examination and adjustment of the treasury books had fallen so far behind that even when Solórzano was writing in 1635 the tribunals had not succeeded in catching up, although the number of auditors had from time to time been considerably augmented. And some of the colonies, like the Philippines, Guatemala, and Chile, were so distant from the headquarters of the tribunals that it was deemed advisable to allow them to audit their own accounts as before, and send them either to Mexico and Lima, or, as originally, to the Council of the Indies. Solórzano, who as a former judge of the Lima *audiencia* reveals a natural jealousy of the independence and widespread activities of these courts, gives the impression that they had done little to improve the general situation, and that the auditors were too much concerned about their social privileges and rights of precedence, and too little about the faithful and prompt execution of their arduous duties. This is a criticism that might easily be applied to all branches of administration in the Indies. Certain it is, however, that disorders and irregularities of every sort continued in the collection and husbanding of the royal revenues, and that a large percentage of the king's financial resources in his colonies was diverted to private hands.

The supreme control, next to that of the king, in the organization, extension, and governance of the colonial exchequer, as in every other department of American government, lay with the Council of the Indies. An effort was made in 1559 to incorporate the colonial treasury with that of Castile by subjecting it to the Council of the Hacienda. But while this centralized the administration in Spain, it set up in the Indies two co-ordinate and mutually jealous powers, an arrangement which proved so inconvenient that it was abrogated in 1562. The India Council met at least one day in each week to discuss questions of financial policy and make appointments to treasury offices, and when occasion warranted two members of the Council of the Hacienda might be called in to assist. The moneys from America were deposited at Seville with the treasurer of the Casa de Contratación, and were subject to draft by the Hacienda with the approval of the Council of the Indies.

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